

AGENDA: January 27, 2004

8.5

CATEGORY: Items Initiated by Council

DEPT.: City Council

TITLE: Resolution in Support of Proposition 56,
the Budget Accountability Act

RECOMMENDATION

Adopt A RESOLUTION IN SUPPORT OF PROPOSITION 56, THE BUDGET ACCOUNTABILITY ACT, to be read in title only, further reading waived.

FISCAL IMPACT—None.

BACKGROUND AND ANALYSIS

The Budget Accountability Act (the Act), or Proposition 56 (Attachment 1), seeks to produce more timely and responsible State budgets by holding the Governor and Legislature more accountable to the taxpayers. Proposition 56 will be on the March 2004 State-wide ballot. Under the Act, if the State budget is not passed by the California constitutional deadline of June 15, the Governor and members of the Legislature will permanently forfeit their salary, per diem expense allowance and car allowance for each day until the budget is adopted and signed into law. An exception is made for legislation in response to an emergency declared by the Governor.

Currently, the Governor and the Legislature have approximately six months to adopt a budget. The June 15 deadline for adopting the budget has not been met since 1986. The Act seeks to resolve this issue through reforms to the budget process that will:

- Require the Legislature to stay in session until the budget is done.
- Hold legislators and the Governor accountable by withholding their pay if they fail to meet the constitutional deadline for passing the budget.
- Require a 55 percent vote to adopt the budget and any related tax legislation instead of the current requirement of a 66 percent vote.
- Create a "rainy day" reserve fund of 5 percent to protect services in bad times.
- Include a summary of budget expenditures in a voter's pamphlet.

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The aforementioned elements of the Act are described in greater detail in Attachment 2.

The Act has been supported by a wide range of individuals and organizations, including the California Teachers Association, League of Women Voters, California State PTA, United Nurses Association of California/Union Health Care Professionals, Latino Issues Forum, Consumer Federation of California, California Professional Firefighters, Police Officers Research Association of California (PORAC), Sierra Club of California, San Mateo County, Santa Clara County, Napa County, Santa Cruz County, Los Angeles County, City of Berkeley and Service Employees International Union (SEIU). The Santa Clara County Cities Association (SCCCA) has not yet taken a position on this issue.

Those opposed to the Act include the Mountain View Chamber of Commerce, Silicon Valley Manufacturing Group, California Taxpayers' Association, California Chamber of Commerce, California Association of Realtors, and California State Automobile Association (AAA). For a complete list of those in support of the Act and those opposed to the Act, please see Attachments 4 and 5.

PUBLIC NOTICING—Agenda posting.

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MN/JP/9/CAM
607-01-27-04M-E^

- Attachments:
1. Text of the Budget Accountability Act
 2. Budget Accountability Act Questions and Answers (Provided by Yes on 56!)
 3. Budget Accountability Act Questions and Answers (Provided by No on 56!)
 4. Partial List of Supporters of Proposition 56
 5. Partial List of Opposition to Proposition 56

CITY OF MOUNTAIN VIEW
RESOLUTION NO.
SERIES 2004

A RESOLUTION IN SUPPORT OF PROPOSITION 56,
THE BUDGET ACCOUNTABILITY ACT

WHEREAS, Proposition 56, also known as the Budget Accountability Act, is designed to end the budget delays that have created a fiscal crisis in our State. The purpose of this measure is to enact a comprehensive reform of the State budget process designed to hold the Governor and Legislature more accountable to the people of California by producing more responsible and timely State budgets; and

WHEREAS, after the Governor introduces the budget, the State Legislature and Governor have almost six months to complete the budget on time. However, the State Legislature has not passed a budget on time since 1986; and

WHEREAS, the State Legislature and the Governor face no consequences when they fail to meet the budget deadline imposed by the State constitution. They can continue to collect their salary and expense allowances. They are not required to continue to work on the budget; and

WHEREAS, currently voters do not have easy access to information regarding how their tax dollars are spent each year and how their State representatives vote on the budget; and

WHEREAS, the two-thirds vote requirement to pass a State budget has contributed to persistent late budgets and deficits. Political party leaders have, in the past, used the two-thirds vote requirement to hold up the budget; and

WHEREAS, California, Rhode Island and Arkansas are the only states in the country that require a vote of two-thirds or more of the Legislature to pass a budget; and

WHEREAS, California has faced large budget deficits and surpluses over the past 10 years. Elected officials from both major parties have increased spending and cut taxes in good economic times, leaving the State with inadequate reserves when the economy faces difficult times. Saving money in a "rainy day fund" in good times provides a prudent reserve during economic downturns and states of emergency, which is essential for responsible budget management; and

WHEREAS, Proposition 56 is intended to make elected officials more responsible for the consequences of their actions, to keep voters more informed of the budget decisions being made by their legislators, to limit partisan extremism and end gridlock in the budget process and to require a rainy day reserve fund to balance the budget in hard times and protect California taxpayers; and

WHEREAS, Proposition 56 will not change Proposition 13's property tax limitations in any way. Proposition 56 changes the legislative vote requirement for taxes to 55 percent only for the purpose of increasing or decreasing taxes as part of the process of adopting the budget;

NOW THEREFORE BE IT RESOLVED that the City of Mountain View hereby endorses Proposition 56 appearing on the March 2004 ballot.

JP/9/RESO
607-01-27-04R-E^